

## Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 ARA-14 EA-12 ISO-00 CIAE-00 PM-05  
H-02 INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02  
SS-15 ICA-20 TRSE-00 ACDA-12 MCE-00 /125 W  
-----014170 212120Z /73

R 211905Z JUN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 3638  
INFO DIA WASHDC  
AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MOSCOW  
AMEMBASSY KINSHASA  
AMEMBASSY THE HAGUE  
AMCONSUL LUBUMBASHI  
AMCONSUL STUTTGART  
USMISSION USNATO  
AMEMBASSY BRUSSELS  
AMEMBASSY ROME  
AMEMBASSY LUXEMBOURG  
AMEMBASSY BRASILIA  
AMEMBASSY JAKARTA

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E.O. 11652: N/A  
TAGS: TSPA, PEPR, MPOL, GW, CG, FR, XG  
SUBJ: OTRAG: FRENCH OFFICE AND WEU VERDICT

REF: PARIS 12580 DTG 181306Z APR 78

1. BEGIN SUMMARY: PRESS REPORTS THAT OTRAG HAS OPENED  
PARIS OFFICE. WEU HAS GIVEN OTRAG A CLEAN BILL OF  
HEALTH. END SUMMARY.

2. ACCORDING TO LE MONDE OF JUNE 17, OTRAG - FRANCE  
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OPENED OFFICES RECENTLY IN PARIS ON AVENUE FOCH. OTHER  
POINTS INTER ALIA FROM THE ARTICLE INCLUDE:

- A. OTRAG WAS UNABLE TO OBTAIN FROM THE BONN  
GOVERNMENT THE FINANCIAL SUPPORT WHICH IT EXPECTED.
- B. THE FRG MINISTRY OF TECHNOLOGY AND NUMEROUS  
EXPERTS BELIEVE THAT A FINANCIAL "CRASH" WILL FOLLOW.
- C. AROUND JUNE 5 THE FRENCH MINISTRY OF FOREIGN

AFFAIRS DENIED THE EXISTENCE OF OTRAG-FRANCE STATING THAT "NO AUTHORIZATION HAS BEEN GIVEN FOR THE INSTALLATION IN FRANCE OF A SUBSIDIARY OF THE GERMAN OTRAG FIRM."

D. THE SAME SOURCE (THE MFA?) INDICATED THAT TWO MONTHS AGO THE GERMAN OTRAG REQUESTED (AUTHORITY) TO TRANSFER FUNDS TO A FRENCH ENTITY BUT THE REQUEST WAS REJECTED BY THE INTERMINISTERIAL COMMITTEE ON INVESTMENTS.

E. LUTZ KAYSER IS PRINCIPAL SHAREHOLDER OF OTRAG FRANCE, WHICH IS A RESEARCH OFFICE STAFFED BY TWO OR THREE PEOPLE. GEORGES DE BIERRE OF OTRAG-FRANCE FORECASTS RECRUITMENT OF FOREIGN ENGINEERS AND CREATION OF ANOTHER FRENCH FIRM FOR PRODUCTION OF OTRAG ROCKETS.

F. KAYSER HAS MADE CONTACTS IN BRAZIL AND INDONESIA TO FIND ANOTHER FIRING RANGE TO REPLACE THE ONE IN ZAIRE.

3. AS REPORTED REFTEL THE WESTERN EUROPEAN UNION (WEU) WAS REQUESTED BY FRENCH COMMUNIST SENATOR SERGE BOUCHENY TO DETERMINE IF OTRAG'S ACTIVITIES VIOLATED THE BRUSSELS TREATY ON GERMAN REARMAMENT. THERE FOLLOWS THE TEXT OF THE QUESTION AND THE RESPONSE FROM THE WEU COUNCIL (THE FOREIGN MINISTERS OF THE SEVEN WEU NATIONS):

BEGIN TEXT:

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THERE HAVE BEEN SEVERAL PRESS REPORTS THAT A FIRM IN THE FEDERAL REPUBLIC OF GERMANY - OTRAG - HAS BEEN ACCORDED A MISSILE-TESTING SITE IN ZAIRE WHERE IT IS BELIEVED TO BE TESTING BUILT CRUISE MISSILES.

--HAS THE COUNCIL AUTHORISED THE PRODUCTION OF SUCH WEAPONS BY THE FEDERAL REPUBLIC?

--HAS THE COUNCIL BEEN APPRISED OF THIS PRODUCTION?

--DOES THE COUNCIL CONSIDER THAT SUCH PRODUCTION IS AUTHORISED BY THE MODIFIED BRUSSELS TREATY AND BY PROTOCOL NO. III SIGNED IN PARIS ON 23RD OCTOBER 1954 (ARTICLE II AND ANNEX III)?

--WHAT STEPS IS THE COUNCIL ENVISAGING TO ENSURE THE APPLICATION OF THE TREATY IN THIS CONNECTION?

PARIS, 22ND FEBRUARY 1978

REPLY OF COUNCIL

IN THE LIGHT OF INFORMATION RECEIVED, THE COUNCIL ARE SATISFIED THAT REPORTS THAT OTRAG IS MANUFACTURING OR TESTING CRUISE MISSILES OR OTHER WEAPONS COVERED BY THE LIMITATIONS ON PRODUCTION ENUMERATED IN ANNEX III TO PROTOCOL NO. III TO THE MODIFIED BRUSSELS

TREATY ARE INCORRECT.

THE ROCKETS BEING DEVELOPED BY OTRAG, WHICH IS  
A PRIVATE COMPANY, ARE INTENDED AS CHEAP LAUNCHERS  
FOR COMMERCIAL CUSTOMERS INTERESTED IN PUTTING PAYLOADS  
INTO ORBIT. 16TH JUNE 1978. END TEXT.

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4. IN ITS SEMI-ANNUAL REPORT ON APPLICATION OF THE  
BRUSSELS TREATY, THE DEFENSE COMMITTEE OF THE WEU  
ASSEMBLY (PARLIAMENTARIANS) INCLUDED THE FOLLOWING  
LANGUAGE:

BEGIN TEXT:

IN THE PAST YEAR, THERE HAVE BEEN PRESS REPORTS

OF THE SUPPOSED PRODUCTION AND TESTING IN ZAIRE BY  
A WEST GERMAN FIRM OF MEDIUM-RANGE BALLISTIC CRUISE-  
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TYPE MISSILES WITH A NUCLEAR WARHEAD CAPABILITY. IN  
FACT, THESE WOULD APPEAR TO HAVE BEEN CHEAP SATELLITE  
LAUNCHERS TESTED BY THE FIRM ORBITAL TRANSPORT AND  
ROCKETS(2)WHICH, IN MARCH 1978 ANNOUNCED THAT IT HAD  
MOVED FROM ZAIRE TO BRAZIL. THE GERMAN MINISTRY OF  
DEFENCE DESCRIBED THESUPPOSED NUCLEAR CAPABILITY OF  
THESE MISSILES AS "ABSURD." AGAIN ACCORDING TO PRESS  
ARTICLES, SUCH ACTIVITIES ARE FORBIDDEN UNDER THE  
BRUSSELS TREATY.

THE COMMITTEE CONFIRMS THE ABSURDITY OF THESE  
REPORTS (A LIQUID-FUELLED LAUNCHER COULD HAVE NO  
MILITARY APPLICATION AS A NUCLEAR WARHEAD CARRIER) AND  
NOTES THAT UNDER PROTOCOL NO. III OF THE TREATY  
GERMANY'S RENUNCIATION OF THE PRODUCTION OF CERTAIN  
CONVENTIONAL WEAPONS APPLIES ONLY TO ITS OWN TERRITORY.  
THE CONTROLS AND RESTRICTIONS PROVIDED FOR IN THE  
TREATY HAVE NO APPLICATION OUTSIDE THE TERRITORY OF  
MEMBER STATES. END TEXT.

FOOTNOTE 2: THE COMMITTEE WAS INFORMED THAT  
ORBITAL TRANSPORT AND ROCKETS WAS NO LONGER A GERMAN  
COMPANY, THAT ITS OFFICES WERE LEAVING GERMANY, AND  
THAT IT HAD NO LINK WITH THE GOVERNMENT OF THE FEDERAL  
REPUBLIC. END FOOTNOTE 2.  
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## Message Attributes

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